

Dark Money Matters

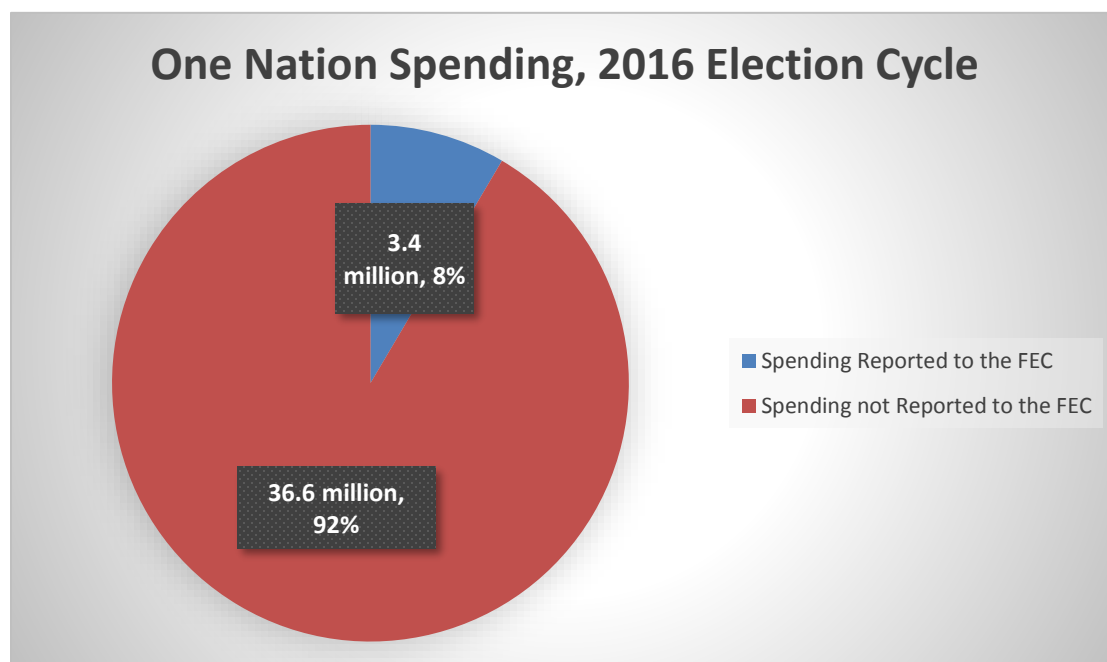
Dark money—that is, election-related spending whose donors are kept secret from voters—continues to play a major and troubling role in U.S. elections, thanks to a series of U.S. Supreme Court decisions and weak rules and enforcement by the Federal Election Commission (FEC).

Most Dark Money Spending Is Never Reported

In the years since *Citizens United*, at least \$800 million in dark money has been reported to the FEC. But even that number is an underestimate. FEC data omits a huge chunk of secret funds, because most dark money spending is never reported to the FEC. Candidate-focused ads that stop short of expressly telling viewers to vote for or against a candidate are [only reported](#) to the FEC if they air within 30 days of a primary or 60 days of the general election. Most dark money is spent outside of these FEC reporting windows.

“Most dark money is spent outside FEC reporting windows.”

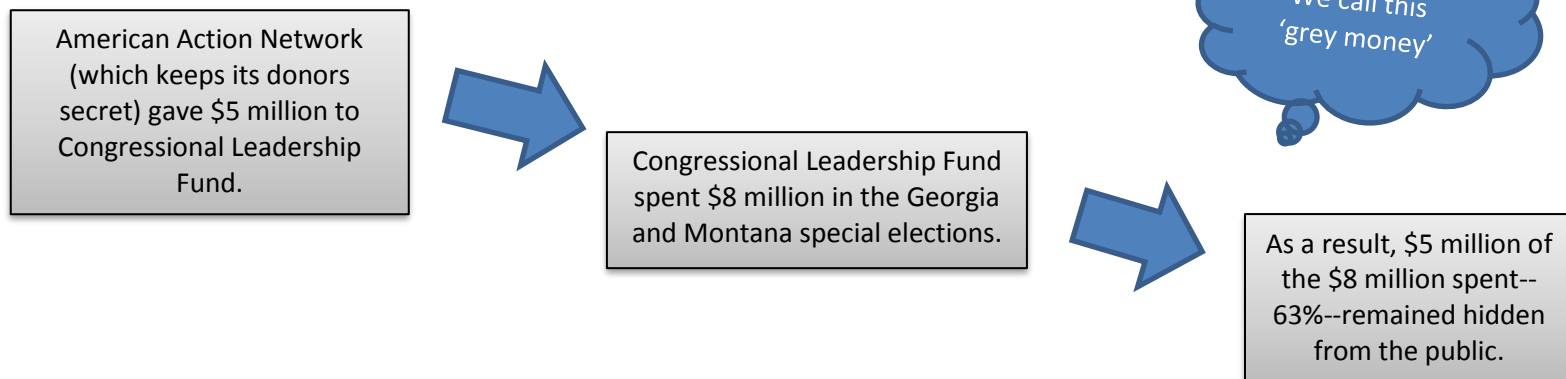
For example, Karl Rove’s dark money group One Nation [spent \\$40 million](#) on advertising during the 2016 election cycle supporting vulnerable Republican Senators. Yet, because most of that spending was for ads outside of FEC reporting windows, One Nation reported spending [only \\$3.4 million](#) to the FEC.



What's more, recent election cycles have seen the rise of what might be called "grey money," where groups that don't disclose their donors make pass-through contributions to entities that do, like super PACs. For example, although the Senate Leadership Fund super PAC was required to disclose the [\\$11 million](#) it received from One Nation in 2016, the actual sources of One Nation's money—and by extension, Senate Leadership Fund's money--remains hidden from the public.

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More recently, \$5 million of the \$8 million spent by the Congressional Leadership Fund super PAC in the Georgia and Montana special elections came from an affiliated nonprofit called the American Action Network, which keeps its funding secret. So even though Congressional Leadership Fund is subject to donor disclosure laws, the public is left in the dark about the true source of its funding.



Sham Limited Liability Corporations (LLCs) have also been used as a means for donors to contribute to super PACs while keeping their identities secret—an issue that the FEC has been lax in enforcing, and which CLC is currently fighting in court.

Thus, dark money often ends up fueling super PACs without the public disclosure usually required—and this "grey money" is often not reflected in dark money estimates.

Dark money is most pronounced in targeted races.

Dark money, like super PAC and other “outside” spending by groups other than candidates and parties, tends to cluster in a handful of the most competitive races. Thanks to factors like gerrymandering, the vast majority of Congressional races are not competitive, and dark money operatives don’t bother spending funds in the many races whose outcome is preordained.

But in those races where dark money is spent, it can be a big factor.

For example, “[u]ndisclosed donors provided nearly half of the more than \$20 million in outside campaign spending” in the three hotly-contested 2017 special elections for U.S. House seats in Georgia, Montana, and South Carolina, according to an analysis by [Bloomberg BNA](#).

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In five of the [ten most expensive](#) Senate races, between ten and twenty percent of outside spending came from [dark money groups](#). That doesn’t account for “grey money” passed from a dark money group to a super PAC. And in most of these key races, [spending on outside advertising exceeded the amounts spent by the candidates themselves](#).

State	Dark Money Spending \$	Total Outside Spending \$	% of dark money
Pennsylvania	13,352,887	122,682,178	10.9
New Hampshire	4,628,983	91,409,834	5
Nevada	7,993,956	89,902,146	8.9
North Carolina	7,737,966	59,568,263	13
Ohio	7,063,392	52,964,579	13.3
Florida	10,101,877	49,951,417	20.2
Indiana	6,799,079	45,983,702	14.8
Missouri	4,184,474	44,793,795	9.3
Wisconsin	4,297,409	29,830,305	14.4
Arizona	1,584,659	8,010,826	19.8

Source: OpenSecrets

The candidates who benefit from that dark money spending often know where the money came from—but the public does not.

Overall, in the 2016 elections, the Center for Responsive Politics [found](#) that 12.8 percent of all outside spending came from “dark money” groups that keep their donors hidden from the public. Another 14.2 percent of outside spending came from groups that kept some of their donors secret, like super PACs funded by dark money entities. Only 73 percent of all outside money spent in 2016 was fully disclosed, according to the Center for Responsive Politics analysis.

And, now that President Trump is in office, a new form of dark money is on the rise: at least [two secretly-funded nonprofit groups](#) have been formed by Trump allies to support his agenda.

Dark money rises again.